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Farm Outlook

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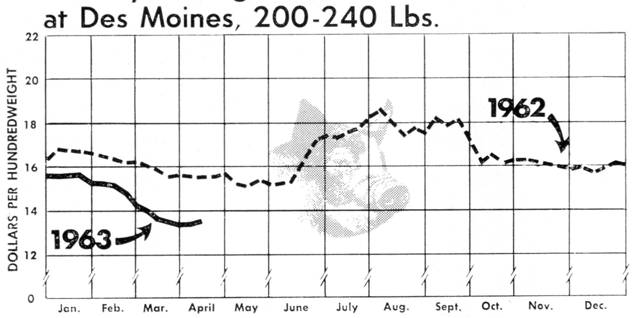
Farm Outlook...

HOG PRICES are entering the year's strong period. Receipts are declining. But cold-storage holdings of pork are well above last year's marks. These increased storage holdings coming on the market this summer will temper the hog price rise that otherwise would occur.

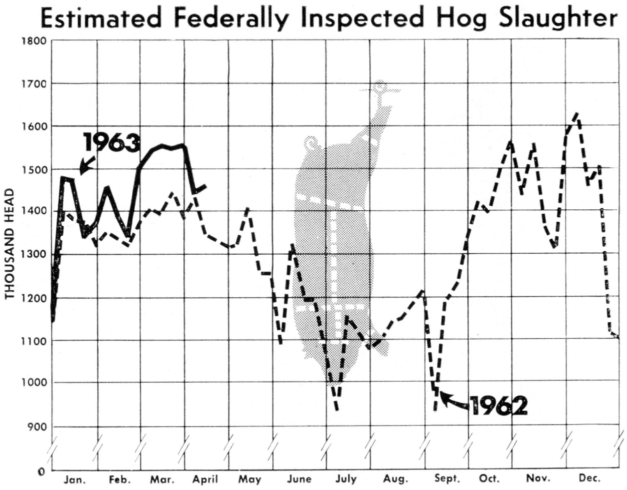
Weekly Average Prices of Barrows and Gilts at Des Moines, 200-240 Lbs.



Summer hog marketings aren't expected to be much different from year-ago levels. About the same number of early litters were farrowed as a year ago, but fewer pigs were saved per litter. With 18 percent more pork in storage on April 1 than a year earlier, however, total pork supplies available to consumers this summer will be larger than in the same period of 1962.

Thus, a repeat of last summer's $18.50 interior hog market isn't likely. But a June-August price rise seems probable.

Estimated Federally Inspected Hog Slaughter



Hog price strength this summer could give some false confidence to the hog business. If producers went ahead with their March 1 plans to raise 4 percent more late-spring pigs, hog prices next fall will be lower than a year earlier. But prices probably won't go as low as they have this spring.

CATTLE . . .

The April 1 count of cattle on feed pointed to large spring marketings of fed cattle. But there's some hope for a better cattle market in the second half of 1963 -- if feeders didn't put too many cattle on feed this spring.

Corn Belt cattle feeders had 42 percent more cattle on feed for 6 months or more on April 1, 1963, than a year earlier. They had 7½ percent more on feed for 3-6 months. With Colorado included, the figures become 37½ and 10½ percent.

Corn Belt feeders had 14 percent more cattle on feed weighing more than 1,100 pounds than a year ago. With Colorado included, the figure becomes 17 percent. The Corn Belt and Colorado combined had 6 percent more cattle in the weight brackets over 900 pounds on feed April 1 than last year. In the 700 to 900 pound weight bracket, the number on feed April 1 in the Corn Belt plus Colorado was up about 9 percent.

These figures indicate that the area that supplies the beef for the Midwest cattle market will continue to have more cattle available for sale through early summer than a year ago. What happens after midsummer will depend mainly on the number of feeders that went into feedlots this spring. If numbers were reduced, the fed cattle market should improve in the last half of this year. In the past, we usually haven't had heavy runs of fed cattle throughout an entire year. And on April 1, we had 3 percent fewer cattle on feed for 3

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months or less than a year earlier. These will be the determining factors in later improvement in fed cattle prices.

The April 1 report showed 9 percent more 500 to 700 pound cattle on feed in the Corn Belt-Colorado area than a year previous. Since Midwest fed cattle slaughter dropped sharply after early July last year, we have a smaller 1962 slaughter base to compare with in late summer and fall. Thus, we can stand a moderate increase in slaughter over last year during this period and still get some beef price improvement this summer and fall. How much the summer-fall kill will be up depends, not only on the number of cattle on feed April 1, but also on how many moved into feedlots during the spring months.

There's increasing evidence that the nation's facilities for cattle feeding are approaching overcapacity. This means a continued strong demand for feeder cattle. Equipment overhead costs continue whether cattle are in feedlots or not. So feedlot operators are under pressure to put cattle on feed in an effort to cover their overhead costs.

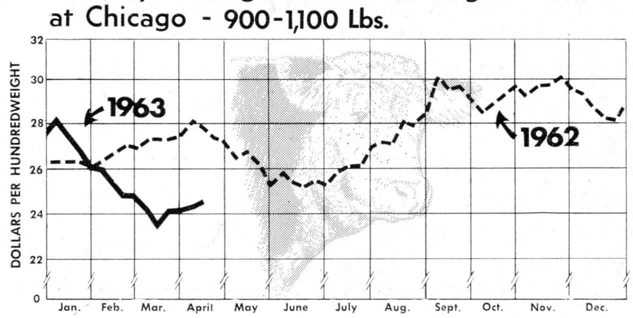
Thus, we can expect demand for feeder cattle to be active enough to hold feeder cattle prices close to the prices of fed cattle. In other words—price margins in cattle feeding are likely to remain fairly narrow over the coming decade. There may be short periods when the price margin is good, but the average very likely will be fairly narrow.

This raises two questions about the outlook for the Corn Belt cattle feeder: How much will he invest in fixed equipment for cattle feeding? How good a job of buying feeder cattle and selling fed cattle can he do?

Most studies show that Corn Belt feeders have natural advantages in feeding cattle over their competition from the commercial feedlots. Corn Belt feeders have less overhead, and they have an abundance of feed. Also, they're located on a direct line to consuming centers of the East. But fed cattle must be sold as well as fed. And commercial feedlot operators typically do a better job of buying feeder cattle and marketing fed cattle than do Corn Belt feeders.

—Francis A. Kutish

Weekly Average Prices of Slaughter Cattle at Chicago - 900-1,100 Lbs.



Estimated Federally Inspected Cattle Slaughter